

# health savings

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accounts



Invest in your health  
and your future.

**FIRST AMERICAN BANK**

# We'll go the distance to ensure your peace of mind and make the whole process fast and easy.

Choosing a healthcare plan that suits the needs of you and your family may be one of the biggest decisions you make. With the rising costs of healthcare, and the ever-changing economic climate, it is important that you choose a plan that you know will provide adequate coverage, while keeping costs affordable. The same can be said about choosing your Health Savings Account.

For over 30 years, First American Bank has built our business one satisfied client at a time. With the philosophy that the needs of our clients come first and by providing quality products and personalized service, we have grown to be a national leader in Health Savings Accounts.

Since the inception of health savings accounts, First American Bank has offered HSA options to clients nationwide. Our HSA program enables clients to increase savings potential and purchasing power. Backed by a team of personal bankers and account managers, we are able to ensure individual attention to your needs.

We'll go the distance to ensure your peace of mind and make the whole process fast and easy.

- **Dedicated HSA Help Desk**
- **Toll-Free Support, (866) 449-1150**
- **Easy Online Application**
- **Nationwide Enrollment**

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## account options

A Health Savings Account (HSA) from First American Bank is a great way to save for your health care deductible, while taking advantage of tax savings. First American offers two types of HSA accounts to choose from: our traditional **HSA** and **HSA PLUS**.

Here are some of the features our HSA account offers:

- **No Set Up Fee**
- **No Monthly Fee with eStatements<sup>1</sup>**
- **No Minimum Deposit**
- **Competitive Interest Rates**
- **Unlimited Check Writing**
- **Free HSA MasterCard® Debit Card**
- **Free Online Banking and Bill Payment**
- **Free Mobile Banking**
- **Free eStatements and Check Images Online**
- **Free Bank-By-Phone**

Investment options<sup>2</sup> are available with our HSA PLUS account.

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To find out more about our HSAs,  
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<sup>1</sup>\$3.95 monthly fee will be charged if you elect to receive paper statements. The fee will be waived if you elect to receive e-statements only or a combined minimum average daily balance of \$2,000 is maintained between the checking portion of the HSA and an associated checking, savings, or money market account. <sup>2</sup>\$4.95 monthly investment fee will apply. Investors should carefully read the Fund prospectus, which includes information on the Fund's investment objectives, risk, as well as charges and expenses along with other information before investing or sending money. Funds in the investment portion of your HSA PLUS account are not FDIC insured, May Lose Value and are Not Bank Guaranteed.

Neither First American Bank nor its subsidiaries (collectively "First American Bank") are registered investment advisors nor is First American Bank acting in the capacity of a registered investment advisor with respect to the offering of HSA investment options. Participation in the investment options is voluntary. Under no circumstances is First American Bank offering any of the HSA investment options and First American Bank makes no representations with respect to the investment options offered.

First American Bank disclaims any and all liability, contingent or otherwise, for the performance of the investment options. Please see your financial advisor for personal investment advice.



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## o v e r v i e w

A Health Savings Account (HSA) from First American Bank is a great way to save for your health care deductible, while taking advantage of tax savings.

### What is an HSA?

A Health Savings Account is a tax-exempt trust or custodial account which you use to pay qualified medical expenses for you and your family.

### Who is Eligible for an HSA?

To be eligible and qualify for an HSA, you must meet the following requirements:

- You are covered under a high-deductible health plan (HDHP) on the first day of that month;
- You are not covered under another type of health plan that is not an HDHP (certain exceptions apply);
- You are not enrolled in Medicare (generally, are under 65 yrs. old); and
- You may not be claimed as a dependent on another individual's tax return.

### Why Choose an HSA?

- The HDHP generally costs less than traditional health care coverage. Money saved on the insurance premium can be put into the HSA.
- Contributions to your HSA are tax deductible.
- After age 65, HSA funds can be used for non-qualified expenses without penalty. Only income tax is assessed.
- Use the pre-tax funds in your HSA to pay for current medical expenses or expenses that your insurance may not cover including dental expenses, vision care, Medicare expenses, and long term care. See publication 502 on the IRS website for a complete list of qualified expenses.
- Save the money in your HSA for future medical expenses.
- No use it or lose it philosophy - the HSA funds remain in the account from year to year. Even if your HSA compatible coverage ends, you can still use the funds tax free for qualified medical expenses.
- You are in control of your HSA. Funds belong to you even if you switch jobs, become unemployed, or change your medical coverage.

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## why choose an HSA

### Triple Tax Advantage

- The High Deductible Health Plan (HDHP) generally costs less than traditional health care coverage. Money saved on the insurance premium can be put into the HSA.
- **Contributions to your HSA are tax deductible.** IRS guidelines in 2016 allow max contributions up to \$3,350 (\$3,400 for 2017) for individuals and \$6,750 (2016/17) for a family plan. If you are 55 or older, you can contribute an additional \$1,000 "catch-up" to your HSA. If you have a spouse who is 55 or older, you must open a second account in order to take advantage of the catch-up contribution.
- Use the **pre-tax funds** in your HSA to pay for current medical expenses or expenses that your insurance may not cover including dental expenses, vision care, Medicare expenses, and long-term care. See publication 502 on the IRS website for a complete list of qualified expenses.
- Medical expenses can undermine the financial security you are working to build. However, with an HSA you can fund your HSA with pre-tax dollars, **your money grows tax-free** and the funds you withdraw from your HSA to pay for qualified medical expenses aren't taxed as income. A triple tax benefit!
- After age 65, HSA funds can be used for non-qualified expenses without penalty. Only income tax is assessed.
- **No use it or lose it philosophy** – the HSA funds remain in the account from year-to-year. Even if your HSA compatible coverage ends, you can still use the funds tax-free for qualified medical expenses.
- **You are in control of your HSA.** Funds belong to you even if you switch jobs, become unemployed, or change your medical coverage.

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## using your HSA

An HSA helps you save for healthcare expenses and your contributions are tax-free.

For 2016, you can contribute up to \$3,350 (\$3,400 for 2017) for individual and \$6,750 (2016/17) for family. In addition, a “catch-up” contribution is available for eligible individuals who have attained age 55 by the end of their taxable year but have not attained age 65. For 2016/17, the amount is \$1,000. If you have a spouse who is over age 55, you must open a second account in order to take advantage of the catch-up contribution.

### Three ways to make contributions to your HSA:

- Pre-tax salary deductions - if your employer offers this benefit, payroll deductions are exempt from most taxes  
*(Check with your employer)*
- Employer contributions - made directly to your HSA by your employer. If your employer offers this benefit, you will need to provide your Health Savings account number to your employer.
- Direct contributions -
  - Transfer from your personal checking or savings account using Online Banking
  - Mail in deposit
  - Credit Card

### Five ways to withdraw funds from your HSA:

- Debit Card
- Checks
- Online Bill Payment
- ATM
- Bank Teller

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## examples of qualified expenses

Acupuncture

Ambulance

Annual Physical Exam

Bandages

Chiropractor

Contact Lenses

Dental treatment

Diagnostic Services

Eyeglasses

Gynecologist

Hospital Services

Laboratory Fees

Nursing Services

Obstetrician

Optometrist

Orthodontist

Pediatrician

Podiatrist

Prenatal Care

Prescription Medication

Psychiatrist

Psychoanalyst

Psychologist

Specialists

Surgery

Therapy

Vaccines

Vision Correction Surgery

Weight Loss Programs

Wheelchair

X-Rays

*For a complete list, go to <http://www.irs.gov/publications/p502/index.html>*

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## frequently asked questions

### What is a Health Savings Account?

A Health Savings Account (HSA) is a tax-exempt trust or custodial account which you use to pay qualified medical expenses for you and your family.

### Who is eligible for an HSA?

To be eligible and qualify for an HSA, you must meet the following requirements:

- You are covered under a high-deductible health plan (HDHP) on the first day of that month;
- You are not covered under another type of health plan that is not an HDHP (certain exceptions apply);
- You are not enrolled in Medicare (generally, are under 65 yrs. old); and
- You may not be claimed as a dependent on another individual's tax return.

### What is an HDHP?

An HDHP is a plan with an annual deductible of at least \$1,300 for individual or \$2,600 for family coverage in 2016/17. The maximum out of pocket expenses, which include money applied to your deductible and your coinsurance for covered charges, must be no more than \$6,550 (2016/17) for individual and no more than \$13,100 (2016/17) for family coverage. These amounts are subject to COLAs.

### Who can contribute to my HSA?

Once you have met the requirements, anyone may contribute to your HSA, regardless of your employment status.

### How much can I contribute to my HSA?

For 2016, you can contribute up to \$3,350 (\$3,400 for 2017) for individual and \$6,750 (2016/17) for family. In addition, a "catch-up" contribution is available for eligible individuals who have attained age 55 by the end of their taxable year but have not attained age 65. For 2016/17, the amount is \$1,000.

### What are the Federal Tax benefits of an HSA?

100% of your contribution is deductible. Furthermore, the earnings grow tax deferred and all qualified distributions are tax free. Be sure to consult with your tax or legal professional for guidance.

### How do I claim the Federal Tax Deduction for my HSA contribution?

Any contributions made by you and any other person on your behalf are deductible as long as they do not exceed the maximum annual contribution amount. Employer contributions are not deductible. However, any employer contributions do not count as wages for federal income tax purposes.

### What happens to my HSA in the event of my death?

If you are married and your spouse is your beneficiary, the HSA becomes his/her HSA. If your beneficiary is not your spouse, the HSA ceases to be an HSA effective on the date of your death. The proceeds will be included in the beneficiary's gross income for the year of death.

### When is the contribution deadline for funding an HSA?

Contributions for the taxable year can be made in one or more payments, at the convenience of the individual or the employer, at any time prior to the time prescribed by law (without extensions) for filing the eligible individual's federal income tax return for that year, but not before the beginning of that year. For calendar year taxpayers, the deadline for contributions to an HSA is generally April 15 following the year for which the contributions are made. Although the annual contribution is determined monthly, the maximum contribution may be made on the first day of the year.

### How are HSA distributions taxed?

Qualified distributions from your HSA are excludable from gross income. Any other distributions are included in your gross income and are subject to an additional 20% tax on the amount included, except in the following cases:

- Your death
- Your disability
- You reach the age of 65

Any HSA distributions that are not rolled over will be taxed as income in the year they are distributed, unless used for qualified medical expenses. HSA custodians/ trustees are not required to determine whether HSA distributions are qualified. The qualified medical expenses must be incurred only after the HSA has been established and funded.



**First American offers two types of Health Savings Accounts:** Our **Health Savings Account** is a free account\* which pays interest based on the balance in the account.

There are many great features:

- No minimum deposit
- No monthly fee\*
- Free HSA Debit Card
- Free eStatements
- Free Mobile and Online Banking with Bill Payment

Our **Health SavingsPLUS Account** offers all of the benefits of our HSA, but allows you to invest a portion of your account in a select group of mutual funds.

	Health Savings Account	Health SavingsPLUS Account
Monthly Account Fee	\$0*	\$0*
Monthly Investment Fee	N / A	\$4.95
Debit Card	Free	Free
Online Banking	Free	Free
eStatement	Free	Free
Bill Payment	Free	Free
Pays Interest	Yes	Yes
Investment Option	No	Yes
Minimum Deposit	No	No
FDIC Insured	Yes	Yes - On the checking portion No - On the invested portion

#### How do I pay for my healthcare expenses with my HSA?

Your First American HSA is a checking account. You can pay for your expenses just as you would with any checking account:

- Use your debit card anywhere MasterCard® is accepted
- By check
- Online Bill Pay

#### How do I know how much money is in my account?

As with any account at First American, you may check your balance through one of the following ways:

- Online Banking – FirstAmBank.com
- Bank By Phone – (847) 952-3000
- Monthly Statement – your estatement is available online, or you may choose to receive a paper statement\*

#### How do I open my First American Health Savings Account?

You can open your HSA online at FirstAmBank.com. It's fast and easy! Or stop by one of our 50 locations to fill out an application.

#### What is a Health Savings PLUS (HSA PLUS) Account?

The First American HSA PLUS account allows you to invest a portion of your HSA in a variety of mutual funds. These mutual funds may provide higher yields than you would otherwise earn if your funds were left solely in your HSA.

The Health SavingsPLUS Account is comprised of two parts:

- A checking portion: This is an interest bearing account that works just like our traditional HSA. You can write checks, make deposits, and use your debit card to pay any medical bills. This portion is insured by the FDIC.

- An investment portion: You may invest in a variety of nationally recognized mutual funds. Monies in this portion are not insured by the FDIC, not bank guaranteed and may lose value.

#### What are my investment options?

Every investor should be able to design an investment plan to meet their individual needs and goals. We have selected several nationally recognized mutual funds, visit FirstAmBank.com for our current offerings.

#### Is there a minimum investment amount?

No. However, you need to have a balance exceeding \$2,000 in the checking portion of your account prior to making any investments. While your balance may fall below \$2,000 as you pay medical expenses, you will need to bring your balance back above \$2,000 before you can make any additional investments.

#### Are there any fees?

Yes. A \$4.95 monthly fee will apply to your HSA PLUS account. You may make an unlimited number of reallocations between funds and/ or an unlimited number of transfers to and from the checking portion of your account with no additional fees from First American Bank.

However, please note that some mutual funds may charge fees and expenses as stated in the fund's prospectus. Mutual fund exchange fees may apply for funds held less than the length of time specified in the fund's prospectus and annual trading limits may apply. For complete information on the HSA PLUS account mutual funds, including fees and expenses, please see the fund prospectus.

#### How do I choose the mutual funds that are appropriate for me?

Carefully read each fund's prospectus which includes information on the fund's investment objectives, risk, charges, and expenses along with other information before investing or sending monies. You may also choose to consult with your financial advisor to determine appropriate investment options.

#### Are the funds FDIC insured?

An investment in the funds is neither insured nor guaranteed by the FDIC or any other government agency. Although the funds seek to preserve the value of your investment, it is possible to lose money by investing in the funds. Investors should consider these and other relevant facts when choosing investment options under an HSA, particularly if the need arises to have to finance short-term medical costs out of an investment account.

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